

Message Text

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73

ORIGIN EB-07

INFO OCT-01 ARA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTe-00 INR-05 NSAE-00 RSC-01 FAA-00 L-02 H-01 TRSE-00

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R 102350Z DEC 74

FM SECSTATE WASHDC

TO AMEMBASSY LA PAZ

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E.O. 11652:N/A

TAGS: EAIR, BL

SUBJECT: CIVAIR: BRANIFF TAX PROBLEM

REF: LA PAZ 7962

1. DEPARTMENT BELIEVES EMBASSY SHOULD INFORM GOB ORALLY OR BY NOTE THAT USG CONSIDERS PROPOSED TAX ON TICKETS ISSUED BY US AIRLINES TO BE DISCRIMINATORY AND THUS CONTRARY TO 1858 US-BOLIVIAN FREE TRADE TREATY. ARTICLE III, SENTENCE 3 OF THE TREATY MAINTAINS THAT CITIZENS OF A SIGNATORY NATION DOING BUSINESS ON THE TERRITORY OF THE OTHER SIGNATORY NATION "...SHALL NOT BE LIABLE TO ANY HIGHER TAXES OR OTHER IMPOSTS THAN THOSE WHICH ARE OR MAY BE PAID BY NATIVE CITIZENS." IN ADDITION, THE DISCRIMINATORY TAX IS CONTRARY TO PARA A OF SECTION III OF ANNEX TO US-BOLIVIA AIR TRANSPORT SERVICES AGREEMENT OF SEPTEMBER 29, 1948 WHICH PROVIDES THAT THE AIRLINES "SHALL ENJOY FAIR AND EQUAL OPPORTUNITY" IN OPERATING ROUTES.

2. FYI: DEPARTMENT UNDERSTANDS BRANIFF MAY DECIDE PAY THE LIMITED OFFICIAL USE

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TAX DESPITE ITS DISCRIMINATORY NATURE SINCE OTHERWISE IT

MAY NOT OBTAIN OPERATING PERMITS. HOWEVER, EMBASSY SHOULD
CONTINUE MAINTAIN THAT DISCRIMINATORY TAXES ARE CONTRARY TO
RELEVANT AGREEMENTS AND SHOULD NOT, THEREFORE, BE IMPOSED.
END FYI. INGERSOLL

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NNN

Message Attributes

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Draft Date: 10 DEC 1974
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Decaption Note:
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Disposition Approved on Date:
Disposition Authority: boyleja
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